COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0803-02
Bill No.: Perfected HCS for HB 319
Subject: Health Care; Telecommunications; Elementary and Secondary Education Department; Medicaid; Insurance - Medical
Type: Original
Date: April 8, 2015

Bill Summary: This proposal changes the laws regarding the provision of telehealth services.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2019)
General Revenue	($292,744)	($180,443)	($183,109)	($147,102)
Total Estimated Net Effect on General Revenue	**($292,744)**	**($180,443)**	**($183,109)**	**($147,102)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2019)
Various Other State Funds	($42,791)	($47,632)	($48,154)	($48,684)
Total Estimated Net Effect on Other State Funds	**($42,791)**	**($47,632)**	**($48,154)**	**($48,684)**

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 13 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2019)
Federal*	$0	$0	$0	$0
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**	**$0**

*** Income and expenses exceed $250,000 annually and net to $0.**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2019)
General Revenue	1.2	1.2	1.2	1.2
Various Other State Funds	0.6	0.6	0.6	0.6
Federal	1.2	1.2	1.2	1.2
Total Estimated Net Effect on FTE	**3**	**3**	**3**	**3**

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed $100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2019)
Local Government	**$0**	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

In response to the previous version of this proposal, officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** state section 208.670.4 adds the use of asynchronous store-and-forward technology to the practice of telehealth.

In 2014 there were 16,478 telehealth visits. MHD estimates that 20% of the telehealth visits will be the amount of new asynchronous store-and-forward visits resulting in 3,296 (16,478 * 20%) visits. MHD estimates that the costs to transmit the data from the patient site to the distant site will be $21.90 per transmission for a total cost of $72,183 (3,296 visits X $21.90). MHD estimates that 2,472 (3,296 X 75%) store-and-forward visits will require additional care. MHD estimates that it will costs $63 for each additional care visit for a total cost of $155,736 (2,472 X $63).

The total cost for asynchronous store-and-forward in Fiscal Year (FY) 2016 is $227,919 ($72,183 + $155,736). Since there will be only 10 months in FY 2016, the cost will be $189,933 ($227,919 X 10/12). A 1.9% inflation factor was used to calculated FY 2017 and beyond.

With patients utilizing store-and-forward, there would be a non-emergency medical transportation (NEMT) savings of $25 per visit for a total savings of $82,400 ($25 X 3,296 visits). MHD doesn't expect to see these savings until FY 2018 due to rate development methodologies in NEMT capitation payments (there is a two year lag to incorporate the lower NEMT utilization into the rates). The $82,400 was trended using a 1.9% inflation factor to get to the savings for FY 18. MHD assumes it will see 75% of the FY 2018 savings due to FY 2016 costs only being for 10 months.

A State Plan Amendment (SPA) would be required for the asynchronous store-and-forward services.

For Section 208.671 there would be a Medicaid Management Information System (MMIS) cost to update the system. MHD estimates that it will cost $200,000 in system work and $75,000 in staff time to do the work for a total of $275,000.

MHD estimates it will need 1.25 additional FTEs at the Management Analysis Specialist II position for system work, integration, evaluation, and to establish guidelines.

Oversight assumes the MHD would not hire 0.25 FTE Management Analysis Specialist II and would assign the duties to existing staff.

ASSUMPTION (continued)

Section 208.673 establishes the "Telehealth Services Advisory Committee." MHD estimates it will need 1 additional FTE at the Program Development Specialist level to coordinate the new advisory committee, coordinate between state departments, oversee the program, plan agendas, attend meetings, take minutes, oversee filling vacancies, etc.

Section 208.675 and 208.677 lists eligible health care providers and originating sites for telehealth services. 13 CSR 70-3.190 describes MO HealthNet's (MHD) telehealth services and does not include School, MHD participant's home, and clinical designated area pharmacy as an originating site. After further research, MHD assumes School based telehealth services would likely increase the utilization of Behavioral Health counseling services. Behavioral health counseling is currently considered the only allowable service through telehealth that can be billed by schools. MHD reimburses schools for the federal share of costs incurred. The current FY2014 spend for Behavioral Health counseling is $477,000 for 12,639 annual visits. Assuming a 5% increase in number of visits to the school based originating site, this would add $5,846 in originating fees in FY 2016 (632 visits x $9.25 federal portion of originating site fees per visit as schools pay the state share). There is also a savings to NEMT costs for providing this service in schools. Due to NEMT capitation rate methodologies, there is a two year lag to incorporate the lower NEMT utilization in to the rates. Initially, MHD would see increased costs in FY 2016 and FY 2017 and NEMT savings would begin to occur in FY 2018 and be fully implemented into the rates by FY 2019.

MHD assumes that the requirements for adding a clinical designated area in a pharmacy for telehealth services would be cost prohibitive to the pharmacy and will not have a fiscal impact on MHD.

13 CSR 70-3.190 Telehealth Services requires the telehealth service to be performed on a "private, dedicated telecommunications line approved through the Missouri Telehealth Network (MTN). The telecommunications line must be secure and utilize a method of encryption adequate to protect the confidentiality and integrity of the Telehealth service information. The Missouri Telehealth Network must also approve the equipment that will be used in Telehealth service." It further states that both a distant and originating site shall use authentication and identification to ensure confidentiality. In addition, the Code of State Regulations (CSR) specifies that the originating site (patient location) must ensure immediate availability of clinical staff during a Telehealth encounter in the event a participant requires assistance.

Based on these requirements, MHD assumes in-home telehealth would be cost prohibitive to MHD participants and there would be no fiscal impact.

Section 208.686 provides that subjection to appropriations, the department shall establish a statewide program that permits reimbursement under the MHD program for home telemonitoring services if it would be cost effective and feasible.

ASSUMPTION (continued)

MHD is currently running reports to see if telemonitoring is cost effective. Assuming that it is cost effective, there will be no impact to MHD. This bill would make telemonitoring a state plan service which would require a State Plan Amendment (SPA).

MHD estimates it will need 1 FTE at the Social Services Manager B2 position for evaluation of the cost effectiveness of the service.

The total costs for this proposal are:
FY 2016 (10 months): Total $699,206 (GR $298,923; Other $45,880; Federal $354,403);
FY 2017: Total $488,336 (GR $185,234; Other $50,026; Federal $253,076); and
FY 2019: Total $395,977 (GR $151,411; Other $50,839; Federal $193,727) fully implemented.

Oversight will calculate FY 2018 costs and present them in the fiscal note table.

In response to the previous version of this proposal, officials from the **University of Missouri (University)** state the fiscal impact of this proposal is difficult to determine. It is possible that the rules created by the DSS based on the instructions from this proposal could have a positive impact on the University.

Oversight assumes no impact to the University since it is speculative as to what rules will be created by DSS.

In response to the previous version of this proposal, officials from the **Office of the Governor (GOV)** state the proposal should result no added cost to the GOV. However, if additional duties are placed on the office related to appointments in other Truly Agreed To and Finally Passed (TAFP) legislation, there may be the need for additional staff resources in future years.

In response to the previous version of this proposal, officials from the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services,** the **Department of Mental Health**, the **Joint Committee on Administrative Rules**, and **Kansas City Public Schools** each assume the proposal would not fiscally impact their respective agencies.

In response to the previous version of this proposal, officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than $2,500. The SOS recognizes that this is a small amount and does not expect that

ASSUMPTION (continued)

additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

In response to an earlier version of this proposal, officials from **Lee's Summit R-7 School District** assumed the proposal would have no fiscal impact on their organization.

Officials from the following **hospitals**: Barton County Memorial Hospital, Bates County Memorial Hospital, Cedar County Memorial Hospital, Cooper County Hospital, Excelsior Springs Medical Center, Putnam County Memorial Hospital and Washington County Memorial Hospital did not respond to **Oversight's** request for a statement of fiscal impact.

Officials from the following **schools**: Blue Springs Public Schools, Branson Public Schools, Caruthersville School District, Charleston R-I School District, Cole R-I School District, Columbia Public Schools, Everton R-III School District, Fair Grove Schools, Francis Howell Public Schools, Fulton Public Schools, Harrisonville School District, Independence Public Schools, Jefferson City Public Schools, Kirbyville R-VI School District, Kirksville Public Schools, Macon School District, Malta Bend School District, Mexico Public Schools, Monroe City R-I School District, Nixa Public Schools, Parkway Public Schools, Pattonville School District, Raymore-Peculiar R-III School District, Raytown School District, Riverview Gardens School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Special School District of St. Louis County, Spickard R-II School District, Springfield Public Schools, St. Joseph School District, St. Louis Public Schools, St. Charles Public Schools, Sullivan Public Schools, Warren County R-III School District, Waynesville Public School District, Allen Village School, Carondelet Leadership Academy Education and KIPP Endeavor Academy in Kansas City did not respond to **Oversight's** request for a statement of fiscal impact.

FISCAL IMPACT - State Government	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2019)
GENERAL REVENUE FUND (§§208.670 - 208.677)				
Savings - DSS-MHD				
Reduced NEMT costs	$0	$0	$0	$38,717
Costs - DSS-MHD				
MMIS system costs (§208.671)	($137,500)	$0	$0	$0
Program distributions for asynchronous telehealth services (§208.670.4)	($69,660)	($85,181)	($86,800)	($88,450)
Total Costs - DSS-MHD	($207,160)	($85,181)	($86,800)	($88,450)
Costs - DSS-MHD				
Personal service	($48,273)	($58,507)	($59,092)	($59,683)
Fringe benefits	($25,104)	($30,427)	($30,731)	($31,038)
Equipment and expense	($12,207)	($6,328)	($6,486)	($6,648)
Total Costs - DSS-MHD	($85,584)	($95,262)	($96,309)	($97,369)
FTE Change - DSS-MHD	1.2 FTE	1.2 FTE	1.2 FTE	1.2 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	**($292,744)**	**($180,443)**	**($183,109)**	**($147,102)**
Estimated Net FTE Change on the General Revenue Fund	1.2 FTE	1.2 FTE	1.2 FTE	1.2 FTE

FISCAL IMPACT - State Government (continued)	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2019)
OTHER STATE FUNDS (various) (§§208.670 - 208.677)				
Costs - DSS-MHD				
Personal service	($24,137)	($29,254)	($29,546)	($29,841)
Fringe benefits	($12,552)	($15,214)	($15,365)	($15,519)
Equipment and expense	($6,102)	($3,164)	($3,243)	($3,324)
Total Costs - DSS-MHD	($42,791)	($47,632)	($48,154)	($48,684)
FTE Change - DSS-MHD	0.6 FTE	0.6 FTE	0.6 FTE	0.6 FTE
ESTIMATED NET EFFECT ON OTHER STATE FUNDS (various)	**($42,791)**	**($47,632)**	**($48,154)**	**($48,684)**
Estimated Net FTE Change on Other State Funds (various)	0.6 FTE	0.6 FTE	0.6 FTE	0.6 FTE
FEDERAL FUNDS (§§208.670 - 208.677)				
Income - DSS-MHD				
Increase in program reimbursements	$345,294	$248,285	$252,423	$256,648
Savings - DSS-MHD				
Reduced NEMT costs	$0	$0	$0	$66,844

FISCAL IMPACT - State Government (continued)	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2019)
FEDERAL FUNDS (continued)				
Costs - DSS-MHD				
MMIS system costs (§208.671)	($137,500)	$0	$0	$0
Program distributions for asynchronous telehealth services (§208.670.4)	($122,210)	($153,023)	($156,114)	($159,279)
Total Costs - DSS-MHD	($259,710)	($153,023)	($156,114)	($159,279)
Costs - DSS-MHD				
Personal service	($48,273)	($58,507)	($59,092)	($59,683)
Fringe benefits	($25,104)	($30,427)	($30,731)	($31,038)
Equipment and expense	($12,207)	($6,328)	($6,486)	($6,648)
Total Costs - DSS-MHD	($85,584)	($95,262)	($96,309)	($97,369)
FTE Change - DSS-MHD	1.2 FTE	1.2 FTE	1.2 FTE	1.2 FTE
Loss - DSS-MHD				
Reduction in NEMT reimbursements	$0	$0	$0	($66,844)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	**$0**	**$0**	**$0**	**$0**
Estimated Net FTE Change on Federal Funds	1.2 FTE	1.2 FTE	1.2 FTE	1.2 FTE

FISCAL IMPACT - Local Government	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2019)
	$0	**$0**	**$0**	**$0**

FISCAL IMPACT - Small Business

This proposal may positively impact small business healthcare providers by allowing them to provide telehealth services to participants in their homes or schools.

FISCAL DESCRIPTION

This proposal changes the laws regarding telehealth services.

TELEHEALTH STORE-AND-FORWARD TECHNOLOGY (Sections 208.671 and 208.673, RSMo)

The proposal changes the laws regarding the use of store-and-forward technology in the practice of telehealth services for MO HealthNet recipients. The proposal defines "asynchronous store-and-forward" as the transfer of a patient's clinically important digital samples, such as still images, videos, audio, and text files, and relevant data from an originating site through the use of a camera or similar recording device that stores digital samples that are forwarded via telecommunication to a distant site for consultation by a consulting provider without requiring the simultaneous presence of the patient and the patient's treating provider. The proposal requires the Department of Social Services, in consultation with the departments of Mental Health and Health and Senior Services, to promulgate rules governing the use of asynchronous store-and-forward technology in the practice of telehealth in MO HealthNet. The rules must address asynchronous store-and-forward usage issues as specified in the bill. Telehealth providers using asynchronous store-and-forward technology must be required to obtain patient consent before asynchronous store-and-forward services are initiated and to ensure confidentiality of medical information. Asynchronous store-and-forward technology in the practice of telehealth may be utilized to service individuals who are qualified as MO HealthNet participants under Missouri law. Reimbursement for the asynchronous store-and-forward services must be made so that the total payment for the consultation must be divided between the treating provider and the consulting provider. The total payment for both the treating provider and the consulting provider must not exceed the payment for a face-to-face consultation of the same level. The standard of care for the use of asynchronous store-and-forward technology in the practice of telehealth must be the same as the standard of care for face-to-face care.

The proposal establishes the Telehealth Services Advisory Committee to advise the Department of Social Services and propose rules regarding the coverage of telehealth services utilizing asynchronous store-and-forward technology. The committee must be comprised of the following members with non-Department of Social Services members appointed by the Governor: (1) The Director of the MO HealthNet Division within the Department of Social Services, or the director's designee; (2) The medical director of the MO HealthNet Division; (3) A representative from a Missouri institution of higher education with expertise in telemedicine; (4) A

FISCAL DESCRIPTION (continued)

representative from the Missouri Office of Primary Care and Rural Health within the Department of Health and Senior Services; (5) Two board-certified specialists licensed to practice in Missouri; (6) A representative from a hospital located in Missouri that utilizes telehealth medicine; (7) A primary care provider from a federally qualified health center (FQHC) or rural health clinic; and (8) A primary care provider from a rural setting other than from an FQHC or rural health clinic. Members of the committee must not receive any compensation for their services but must be reimbursed for any actual and necessary expenses incurred in the performance of their duties.

TELEHEALTH PROVIDERS AND ORIGINATION SITES (Sections 208.675 and 208.677)

The proposal requires specified individuals who are licensed in Missouri to be considered eligible health care providers for the provision of telehealth services in the MO HealthNet Program. Eligible individuals must include: (1) Physicians, assistant physicians, and physician assistants; (2) Advanced registered nurse practitioners; (3) Dentists, oral surgeons, and dental hygienists under the supervision of a currently registered and licensed dentist; (4) Psychologists and provisional licensees; (5) Pharmacists; (6) Speech, occupational, or physical therapists; (7) Clinical social workers; (8) Podiatrists; (9) Licensed professional counselors; and (10) Health care providers practicing in a rural health clinic or federally qualified health center.

The proposal defines "originating site" as a telehealth site where the MO HealthNet participant receiving the telehealth service is located for the encounter and "clinical staff" as any health care provider licensed to practice in Missouri. The originating site must ensure immediate availability of clinical staff during a telehealth encounter if a participant requires assistance; however, no originating site must be required to maintain immediate availability of on-site clinical staff during the telemonitoring services or activities. An originating site must be one of the following locations: (1) Office of a physician or health care provider; (2) Hospital; (3) Critical access hospital; (4) Rural health clinic; (5) Federally qualified health center; (6) Licensed long-term care facility; (7) Dialysis center; (8) Missouri state habilitation center or regional office; (9) Community mental health center; (10) Missouri state mental health facility; (11) Missouri state facility; (12) Missouri residential treatment facility licensed by and under contract with the Children's Division within the Department of Social Services that has a contract with the division. Facilities must have multiple campuses and have the ability to adhere to technology requirements. Missouri licensed psychiatrists, licensed psychologists, or provisionally licensed psychologists, and advanced registered nurse practitioners who are enrolled MO HealthNet providers must be the only consulting providers at these locations; (13) Comprehensive Substance Treatment and Rehabilitation (CSTAR) Program; (14) School; (15) The MO HealthNet recipient's home; or (16) Clinical designated area in a pharmacy. If the originating site is a school, the school must obtain permission from the parent or guardian of any student receiving telehealth services prior to each provision of service.

FISCAL DESCRIPTION (continued)

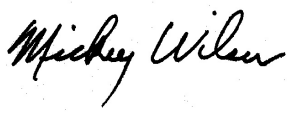
HOME TELEMONITORING SERVICE (Section 208.686)

Subject to appropriations, the department must establish a statewide program that permits reimbursement under the MO HealthNet Program for home telemonitoring services. The proposal defines "home telemonitoring service" as a health care service that requires scheduled remote monitoring of data related to a patient's health and transmission of the data to a Utilization Review Accreditation Commission accredited health call center. The program must: (1) Provide that home telemonitoring services are available only to individuals who are diagnosed with conditions specified in the bill and who exhibit two or more of specified risk factors; (2) Ensure that clinical information gathered by a home health agency or hospital while providing home telemonitoring services is shared with the patient's physician; and (3) Ensure that the program does not duplicate any disease management program services provided by MO HealthNet. If, after implementation, the department determines that the program established under these provisions is not cost effective, the department may discontinue the program and stop providing reimbursement under the MO HealthNet Program for home telemonitoring services. The department must determine whether the provision of home telemonitoring services to individuals who are eligible to receive benefits under both the MO HealthNet and Medicare programs achieves cost savings for the Medicare Program. If, before implementing any of these provisions, the department determines that a waiver or authorization from a federal agency is necessary for implementation, it must request the waiver or authorization and may delay implementation until the waiver or authorization is granted.

This legislation is not federally mandated, would not duplicate any other program and but may require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Mental Health
Department of Social Services -
MO HealthNet Division
Office of the Governor
Joint Committee on Administrative Rules
Office of Secretary of State
University of Missouri
Kansas City Public Schools
Lee's Summit R-7 School District



Mickey Wilson, CPA
Director
April 8, 2015

Ross Strope
Assistant Director
April 8, 2015